

DAMAR CHARTER ACADEMY

2012-2013 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	2.1-1: The school demonstrates satisfactory performance in all areas identified: Enrollment Variance, Current Ratio, Days Cash on Hand and Debt Default 2.1-2: The school demonstrates satisfactory performance in all areas identified: 3 Year Aggregate Net Income, Debt to Asset Ratio, and Debt Service Coverage Ratio 2.1-3: The school does not present concerns in the financial audit or financial reporting requirements

2012-13 2.1-1 Performance: Exceeds Standard

Indicator	Ratio	Measures	Rating	2012-13	2012-13
2.1 Short Term Health	Enrollment Variance Ratio	Enrollment Ratio equals or exceeds 99%	<i>Meets Standard</i>	103%	Exceeds
		Enrollment Ratio is between 90% - 98%	<i>Approaching Standard</i>		
		Enrollment Ratio is less than or equal to 89%	<i>Does Not Meet Standard</i>		
	Current Ratio	Current Ratio equals or exceeds 1.1	<i>Meets Standard</i>	1.28	
		Current Ratio is between 1.0 - 1.1	<i>Approaching Standard</i>		
		Current Ratio is less than or equal to 1.0	<i>Does Not Meet Standard</i>		
	Days Cash On Hand	Days cash on hand equals or exceeds 45	<i>Meets Standard</i>	48	
		Days cash on hand is between 30-45 days	<i>Approaching Standard</i>		
		Days cash on hand is less than or equal to 30 days	<i>Does Not Meet Standard</i>		
	Debt Default Evidence	Not in default or delinquent	<i>Meets Standard</i>	Meets	
Default or delinquent		<i>Does Not Meet Standard</i>			

Damar Charter Academy **exceeded** standard for core question 2.1-1 for the 2012-13 school year. Based on data from the September 2012 count day, the school exceeded the enrollment targets stated in its charter agreement. For this reason, the school met standard for this sub-indicator.

The school had more current assets than current liabilities (those due in the next 12 months) and as a result met standard for this sub-indicator. Damar Charter Academy ended the year with 48 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2013, the school would have been able to operate for 48 more days. As a result, the school met standard for this indicator. Finally, the school successfully met its debt obligations based on the information that BKD, the school's auditor, provided. None of the school's creditors provided any information to the contrary. Since the school met standard for all of the sub-indicators, it exceeded standard for core question 2.1-1.

2012-13 2.1-2 Performance: Does Not Meet Standard

2.2 Long Term Health	3 Year Aggregate Net Income	Aggregate 3 year Net Income is positive and most recent year is positive	Meets Standard	NA	Does Not Meet
		Aggregate 3 year Net Income is positive and most recent year is negative	Approaching Standard		
	Net Income	Aggregate 3 year Net Income is negative	Does Not Meet Standard	-\$190,530.00	
	Debt to Asset	Debt to asset ratio is less than or equal to 0.9	Meets Standard	0.53	
		Debt to asset ratio is between 0.9 - 0.95	Approaching Standard		
		Debt to asset ratio equals or exceeds 0.95	Does Not Meet Standard		
	Debt Service Coverage (DSC) Ratio	DSC ratio equals or exceeds 1.15	Meets Standard	-4.17	
		DSC ratio is between 1.05-1.15	Approaching Standard		
		DSC Ratio is less than or equal to 1.05	Does Not Meet Standard		

The school **did not meet** standard for core question 2.1-2. The school did not meet standard for net income in that it generated a negative net income for 2012-13. It should be noted, however, that the school's operating income was positive. Its net income became negative because of a non-cash loss that resulted from the Common School Loan forgiveness. Note 4 (page 11) in the audit discusses the impact of this legislative change at greater length. Despite this challenge with net income, the school still met the sub-indicator for its debt to asset ratio. The school's assets exceeded its debts. Given the negative net income, the school did not meet standard for its debt service coverage ratio and as such did not meet standard. Since the school did not meet standard for 2 out of the 3 sub-indicators, it did not meet standard for core question 2.1-2.

2012-13 2.1-3 Performance: **Approaching Standard**

2.3 Reporting Requirements	Annual Independent Accrual Based Audit	Receives a clean audit opinion	<i>Meets Standard</i>	Does Not Meet	Approaching
		Receives a clean audit opinion with a few significant deficiencies noted but no material weaknesses	<i>Approaching Standard</i>		
		Receives an audit with multiple significant deficiencies, material weakness or is a going concern	<i>Does Not Meet Standard</i>		
	Financial Reporting Requirements	Satisfies all financial reporting requirements	<i>Meets Standard</i>	Meets	
		Fails to satisfy financial reporting requirements	<i>Does Not Meet Standard</i>		

The school **approached** standard for core question 2.1-3. The school approached standard for its annual accrual based audit because while it received a clean audit report it did have a material weakness flagged in the internal compliance portion of the audit. This means that while the financial statements were materially accurate themselves, the school's compliance policies in fiscal year 2012-13 had the potential to render material weaknesses in the future. Pages 23-25 of the audit provide additional context. The school met standard for all of its reporting requirements throughout the school year and the school's auditors issued their report on December 30, 2013.

2.2. Are the school's student enrollment, attendance, and retention rates strong?	
STANDARD	The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.

2012-13 Performance: **Meets Standard**

Damar Charter Academy met enrollment targets set for 2011-12. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2012-13	160	160	N/A

Source: Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2012-13 attendance rate at Damar was on par with the averages of both the county and the state.

	DAMAR	MC	IN
2012-13 Attendance rate	96%	95.7%	95.8%

No targets have been established for student retention rates for Damar Charter Academy.

Based on the 2012-13 performance, Damar Charter Academy meets the Mayor's Office standard for this indicator because they were fully enrolled and had an attendance rate slightly higher than that of both the state and county.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	The Board's membership collectively contributes a broad skill set and fair representation of the community; Board members are knowledgeable about the school; roles and responsibilities of the Board are clearly delineated; Board meetings reflect thoughtful discussion and progress in the consideration of issues; overall, the Board provides consistent and competent stewardship of the school.

2012-13 Performance: Meets Standard

The Damar Charter Academy board was active and provided competent oversight of the school. Additionally, the board was comprised of members with a diverse range of professional expertise and extensive knowledge about the school, its policies and its issues of concern. The board was comprised of seven members. While board membership remained relatively stable, the board did have one member relocate out of state at the end of the school year and the board actively sought a replacement. There was representation from Damar Services on the board, which was helpful in ensuring continuity between the services provided via the school and those provided to the community. There was clear mission alignment between the board and the school leadership, and the board supported the school in "defining and implementing best practices for the public education of children with special learning needs in grades kindergarten through 12".

The board chair, Mr. Greg Johnson, who has been the Chairman and CEO of Damar Services for over 30 years, provided stable leadership and was deeply committed to the mission of the school. The chair was engaged and took pride in promoting the successes of the school. Mr. Johnson worked to engage stakeholders regarding the critical need for the services the school provided and the uniqueness of Damar Charter Academy. Mr. Johnson had a productive working relationship with Mr. Jim Dalton, President and Chief Operating Officer, and Ms. Leta Echelbarger, School leader. All were in continuous contact to ensure that the board was fully aware of what was happening at the school. In addition, the school leadership worked well with

Mr. Rich Harcourt, Assistant Treasurer for the board and Sr. Vice President/Chief Financial Officer for Damar Services, to ensure the school was operating in a manner conducive to the success of students. As a board member, Mr. Harcourt proactively worked to keep the Mayor's Office of Education Innovation informed, as well as other key stakeholders.

The board consistently made quorum and actively engaged in the oversight of many aspects of school operations. Board meetings were efficient, and discussions reflected a thoughtful approach with members working with school leadership to provide students and families with high quality educational services. Accordingly for the 2012-13 school year, Damar Charter Academy **met standard** on this Mayor's Performance Framework indicator.

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.

Not Evaluated. In the Spring of each year, researchers administer anonymous surveys to the parents of students enrolled at Mayor-Sponsored charter schools. In the 2012-13, only 6 Damar Charter Academy families submitted responses to the survey. Given that this sample size represents less than 10% of the student population, the Mayor's Office did not have enough statistically relevant data upon which an evaluation could be based.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	The school's leadership a) has sufficient academic and/or business expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among leaders and between leaders and the Board; d) actively engages in a process of continuous improvement which has led to some mid-course corrections.

2012-13 Performance: **Meets Standard**

The administration at Damar Charter Academy was strong in its academic and business expertise. The Principal was an exemplary leader who continued to work closely with the board to implement policies and programs and to ensure the effective and efficient day-to-day operations of the school. In 2012-13, leadership at the school was well-organized, effective, and **met** the Mayor's Office standard for this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

Not Evaluated. Damar Charter Academy did not have school-specific organizational and management performance goals to be evaluated for 2012-13.